

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI
NORTHERN DIVISION

UNITED STATES OF AMERICA PLAINTIFF
VERSUS CIVIL ACTION NO. 3:22-cv-00686-HTW-LGI
THE CITY OF JACKSON, MISSISSIPPI DEFENDANTS

STATUS CONFERENCE
BEFORE THE HONORABLE HENRY T. WINGATE,
UNITED STATES DISTRICT COURT JUDGE,
FEBRUARY 17, 2023,
JACKSON, MISSISSIPPI

(APPEARANCES NOTED HEREIN.)

REPORTED BY:

CAROLINE MORGAN, CCR #1957
OFFICIAL COURT REPORTER
501 E. Court Street, Suite 2.500
Jackson, Mississippi 39201
Telephone: (601) 608-4188
E-mail: Caroline_Morgan@mssd.uscourts.gov

1 APPEARANCES:

2

3 FOR THE PLAINTIFF: ANGELA GIVENS WILLIAMS, ESQ.
4 KARL J. FINGERHOOD, ESQ.
ANGELA MO, ESQ.

5 FOR THE DEFENDANTS: CATORIA PARKER MARTIN, ESQ.
6 TERRELL WILLIAMSON, ESQ.

7 ALSO PRESENT: TED HENIFIN
MALISSA WILSON
8 CHARLES MITCHELL MCGUFFEY
GERALD KUCIA
9 MITZI PAIGE
FRANK PAUL CALAMITA
10 SUZANNE RUBINI
MICHELLE WETHERINGTON
11 SUZANNE ARMOR
JOHNNIE PURIFY

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1	TABLE OF CONTENTS	
2	Style and appearances.....	1
3	Court Reporter's Certificate.....	78
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

1 **IN OPEN COURT, FEBRUARY 17, 2023.**

2
3 THE COURT: Good morning. Terri, call the case,
4 please.

5 COURTROOM DEPUTY: Your Honor, this is the United
6 States of America versus the City of Jackson, Civil Action
7 Number 3:22-cv-686-HTW-LGI. Appearing here in the courtroom
8 for plaintiff is AUSA Angela Givens Williams for -- also
9 appearing for the plaintiff, appearing by Zoom, is Attorney
10 Karl Fingerhood for the Department of Justice and Angela Mo
11 from the Department of Justice.

12 Appearing on behalf of the defendant in the courtroom
13 is Attorney Catoria Martin and Terrell Williamson.
14 Appearing for the State of Mississippi, Attorney Gerald
15 Kucia. Appearing for interested party attorneys are Malissa
16 Williams -- Wilson. I'm sorry. And Charles Mitchell
17 McGuffey. Also appearing in the courtroom is Ted Henifin,
18 the third-party manager. Appearing by Zoom observing are
19 representatives from the Department of Justice, the EPA, and
20 the federal government.

21 At this time, we are going to ask that each of you
22 identify yourselves for the record.

23 MS. GIVENS: Good morning, Your Honor. Angela Givens
24 Williams from the U.S. Attorney's Office representing the
25 United States.

1 THE COURT: Okay. Now, Terri, you were talking about
2 the ones on Zoom, weren't you?

3 MS. GIVENS: Oh, sorry.

4 THE COURT: Yes, because she identified you earlier.
5 So those on Zoom, would you please introduce yourselves.

6 MS. PAIGE: Good morning, Your Honor. This is Mitzi
7 Paige from the U.S. Attorney's Office as a spectator today.

8 THE COURT: Okay. Thank you.

9 MR. FINGERHOOD: Good morning, Your Honor. Karl
10 Fingerhood with the U.S. Department of Justice Environmental
11 Enforcement Section.

12 THE COURT: All right.

13 MR. CALAMITA: Good morning, Your Honor. Paul --

14 MS. MO: Good morning --

15 MR. CALAMITA: Sorry. Go ahead, Angela.

16 MS. MO: Thank you. This is Angela Mo with the U.S.
17 Department of Justice and Environmental Enforcement Section.

18 THE COURT: Okay.

19 MR. CALAMITA: Paul Calamita with AquaLaw on behalf of
20 Ted Henifin, third-party manager.

21 THE COURT: All right. Thank you.

22 MS. RUBINI: Good morning, Your Honor. My name is
23 Suzanne Rubini with the U.S. Environmental Protection Agency
24 Region 4.

25 THE COURT: All right. Thank you.

1 MS. ARMOR: Good morning, Your Honor. Suzanne Armor,
2 United States Environmental Protection Agency Region 4.

3 THE COURT: Thank you.

4 MS. WETHERINGTON: Good morning. Michelle
5 Wetherington, U.S. EPA Region 4.

6 THE COURT: Thank you.

7 MR. PURIFY: Good morning, Your Honor. Commander
8 Johnnie Purify, U.S. EPA Region 4 Water Division.

9 THE COURT: All right. Thank you.

10 Did I miss anyone? All right. I hear no answer on
11 that, so apparently, everyone has identified him and
12 herself.

13 Now, then, I want to start off with this proposed joint
14 motion for a stipulated order for confidentiality of
15 settlement discussion. And this matter was filed late last
16 night, and it purports to seek some confidentiality relative
17 to some negotiations that were provided in another case that
18 predates this case. It is a joint motion, and so who is
19 going to be the spokesperson for this order?

20 MS. GIVENS: Your Honor --

21 MR. FINGERHOOD: Good morning, Your Honor. Karl
22 Fingerhood from the Department of Justice. I'd be glad to
23 answer questions. It is -- it's actually for this
24 proceeding, this Safe Drinking Water Act case. We do have a
25 similar order in the Clean Water Act matter, which is before

1 another judge. But this proposed agreement would deal with
2 confidentiality of discussions in the Safe -- Safe Drinking
3 Water Act matter.

4 There is likely to be some overlap in the discussions
5 between the two, so at an -- out of an abundance of caution,
6 we also are going to seek to amend the order in that other
7 lawsuit to add in Mr. Henifin, the third-party manager to
8 that order.

9 THE COURT: Now, I saw that -- that you expect to add
10 him to the body of -- of this order as well as the other
11 order. So, then, who all will be bound? Are there any
12 other parties that are not listed on this proposed joint
13 motion that need to be added besides the city manager,
14 anybody else?

15 MR. FINGERHOOD: I don't believe so, Your Honor. This
16 order covers both the United States, the Department of
17 Justice Environmental Protection Agency and the State, both
18 MSDH and MDEQ, as well as the city and the interim
19 third-party manager.

20 In addition, there's a provision in there that to the
21 extent we provide settlement information to an outside
22 consultant or expert, they will sign a document agreeing to
23 be bound by the confidentiality agreement.

24 THE COURT: What time did you file this proposed order
25 last night?

1 MR. FINGERHOOD: This was filed close to, I guess,
2 midnight, East Coast time.

3 THE COURT: Okay. So, then, it would have been a
4 little different time over here. And so you filed it then.
5 Can you tell me why you filed it so late? It's okay. I
6 mean, I got a chance to look at it, but just tell me why it
7 was filed so late.

8 MR. FINGERHOOD: Well, we were trying to coordinate
9 getting signatures from the different parties. We -- we
10 were -- we would -- you know, the intention was to get it
11 filed before today's hearing, but I understand if Your Honor
12 wants to put it aside and have a separate hearing or, you
13 know, have some time to look it over, I completely
14 understand that, because we did file it very late. So
15 that's -- it wasn't intended to require any action
16 immediately. We just did want to get it on file as soon as
17 we could. And once I got everyone's authority to sign or
18 actual signature page, I went ahead and e-filed it.

19 THE COURT: No. We don't need any more time. We're
20 ready. And so we are familiar with it. Now, but you had
21 wanted this before this court as soon as possible so that
22 the prescriptions of the proposed order will take effect
23 immediately; is that correct?

24 MR. FINGERHOOD: Yes, I think so. But, you know, we've
25 been having some internal discussions, too, to, you know,

1 make sure that the matter's proceeding along. So we do --
2 but we do think it would be helpful to have the order
3 entered. We're planning a meeting with all the different
4 interested entities in the next couple weeks. So I think
5 before that meeting it would be helpful to have that in
6 place.

7 THE COURT: Is there some danger that's not
8 communicated by this order that precipitated filing of this
9 order? Is there some fear that there was some leakage
10 regarding the confidential discussions or that something
11 relative to confidentiality had already been leaked? Did
12 that have any bearing on this haste in getting this to the
13 Court at the time that you did?

14 MR. FINGERHOOD: No, Your Honor. This is something
15 that, you know, I had mentioned to the parties some time
16 ago, so it wasn't precipitated by any event. We -- like I
17 said, we do have a similar order in the separate Clean Water
18 Act proceeding, and I think, in part, it's a function of the
19 number of governmental entities involved, and --

20 You know, for example, myself, Angela, Suzanne, we
21 don't have authority to bind our clients in any settlement
22 discussions. We have to -- there are certain officials
23 within DOJ and EPA who have settlement authority so, you
24 know, we can kind of give our open and unvarnished opinions
25 in settlement discussions, but it's always subject to the

1 approval of the appropriate officials who do have settlement
2 authority. And so that's likely the same for some of the
3 state and city officials, and so this allows us to have
4 those open and frank discussions without them, you know,
5 being out in the public before the decision makers have
6 actually weighed in on some of the things we may be
7 discussing.

8 THE COURT: Other than a potential finding of contempt
9 for violating a court order, what penalty provision is
10 provided by this order if there is a violation?

11 MR. FINGERHOOD: Well, I think Your Honor has hit the
12 nail on the head. It would be a contempt proceeding. This
13 is -- would be an order of the court issued by Your Honor,
14 and, therefore, to the extent it was violated, Your Honor
15 would determine the appropriate sanction.

16 THE COURT: Under the banner of contempt; is that
17 correct?

18 MR. FINGERHOOD: Yes, Your Honor.

19 THE COURT: Okay. Well, I've gone through the order,
20 and the order manifests that it has been agreed to by the
21 requisite principals here. So unless there are some
22 questions by some of the parties, then I'm prepared to sign
23 it.

24 So I have looked through the people who are bound, and
25 I suspect that everybody who is a party here is bound, and

1 so I will sign the order or at least I approve the order.
2 Now, this order is a proposed order. As I said before, it's
3 a joint motion. Now -- and then there is the proposed
4 stipulated order of confidentiality, and that's the document
5 that I will be signing.

6 Now, is there anything else I need to know about this
7 matter other than what the contents are and what you now
8 told me?

9 MR. FINGERHOOD: I don't believe so, Your Honor.

10 THE COURT: Is there anyone else who is a signatory to
11 this agreement who has some questions on this matter or
12 would like to add some flavor to it, anybody else?

13 All right. I don't see any hands leaping up for
14 attention, so I will go ahead then, and I will sign this.

15 So, Terri, it's the 17th, isn't it?

16 COURTROOM DEPUTY: Yes, sir.

17 THE COURT: Okay. Settlement discussion.

18 Terri, I'm giving you both the motion and the order,
19 and I have signed the order the 17th day of February, 2023.
20 Okay.

21 Now let's move on to the next matter. I see you are
22 here, and do you have your notepad?

23 MR. HENIFIN: Excuse me, Your Honor? Would you like me
24 to update you today? Is that --

25 THE COURT: Yeah. Go to the podium. You know your

1 place.

2 MR. HENIFIN: Yes, sir. Yes, Your Honor, I do.

3 THE COURT: You were at the podium last time, what,
4 about two hours?

5 MR. HENIFIN: Maybe a little longer than that, but it
6 was a nice conversation with you, Your Honor.

7 THE COURT: Okay then. Well, I suspect that we'll have
8 the same type of conversation. You were so knowledgeable,
9 and you provided the answers to the questions that I asked,
10 and so you have your outline of how you wish to proceed?

11 MR. HENIFIN: Yes, Your Honor. I do.

12 THE COURT: Okay. Well, see, the last time, I just
13 started wading in on questions, and I don't know if you had
14 an outline prepared last time.

15 MR. HENIFIN: I did not, Your Honor.

16 THE COURT: Well, you did wonderfully.

17 MR. HENIFIN: Thank you.

18 THE COURT: You didn't need it. So this time, since
19 you have an outline, then I am going to let you go through
20 your outline, because you will probably hit my questions in
21 your outline. But if you don't, then I'll think of those
22 questions, and I'll come back to them. Okay?

23 You ready to start?

24 MR. HENIFIN: Feel free to chime in anytime. This
25 is --

1 THE COURT: No. I'm going to let you --

2 MR. HENIFIN: -- a very rough outline.

3 THE COURT: No. I'm going to let you do your outline
4 this time.

5 MR. HENIFIN: Yes, Your Honor.

6 THE COURT: All right. Is the microphone on?

7 MR. HENIFIN: It is now. Thank you.

8 THE COURT: Okay. Now then, are you ready to start?
9 Do you need a water?

10 MR. HENIFIN: I'm good, Your Honor. I've got some
11 right there if I need to reach over and grab it. I had a
12 little before, because I was prepared for this lengthy
13 discussion today.

14 THE COURT: Okay. Well, see, it might not be as
15 lengthy, because you have your outline today.

16 MR. HENIFIN: Absolutely.

17 THE COURT: And as I said, last time, I just started
18 asking questions.

19 MR. HENIFIN: And there was a lot to ask, and I'm glad
20 you did.

21 THE COURT: Well, thank you so much. And so -- and I
22 know this time that you have your outline, and so I know
23 that you are going to be ready.

24 MR. HENIFIN: I am ready.

25 THE COURT: You were ready last time.

1 MR. HENIFIN: I was.

2 THE COURT: You did a great job.

3 MR. HENIFIN: Well, thank you, Your Honor.

4 THE COURT: Now, so then if, one, you need some water,
5 there it is; number two, if at some point you feel some
6 fatigue for standing there behind the podium, then you can
7 take a seat and rest yourself and get your energy back up.

8 MR. HENIFIN: Appreciate that, Your Honor.

9 THE COURT: Okay. All right. Now, then, how would you
10 like to start?

11 MR. HENIFIN: I would like to give you a little update
12 on where we are for the systems and then I'll follow --

13 THE COURT: Okay. That'd be great.

14 MR. HENIFIN: -- follow that with a few other things
15 about the order itself. So if that's okay with you, I will
16 start there.

17 THE COURT: Well, that's fine with me.

18 MR. HENIFIN: Your Honor, as you're well aware, we've
19 got -- the system consists of plants and distribution
20 system. I'm going to start with the plants, the two water
21 plants, the OB Curtis Plant and the J.H. Fewell Plant. And
22 those have been the sources of a lot of our problems over
23 the last many, many years and the sources of our problems in
24 August and again in January -- or December actually.

25 So I'm happy to report today that I'll be signing a

1 contract later today with Jacobs, a national firm that does
2 operation and maintenance of water plants and waste water
3 plants across the country. They're the largest firm that
4 does this kind of work in the nation, and they're -- they've
5 been with us off and on pretty much since November, I
6 believe. If you recall my comments during our last status
7 conference, I had let many of folks -- in fact, all of their
8 team go home over the holidays, because they were all from
9 other parts of the country, and that may have been a poor
10 decision and may have led to some of our challenges at
11 Christmastime.

12 Since that time, they've been here in force and
13 continuing to develop the plan to go under contract and be
14 responsible operators for our plants starting Monday,
15 February 20th, 2023. That contract is a
16 six-month-open-book-cost-plus contract. They aren't really
17 sure how much it's going to cost to do this work, and we're
18 not really sure -- but we want to make sure they're not
19 going to overcharge us. So this gives us the opportunity
20 over six months to -- both them to learn and for us to see
21 exactly what it takes to operate the two plants.

22 The end of the six months is sometime in the August,
23 September time frame. We expect to enter a
24 five-year-long-term-fixed-price contract for them to
25 continue the operation and maintenance of the plants, the

1 wells, and the elevated storage tanks. So that will put us
2 in a great position for the long-term for the Jackson Water
3 System.

4 THE COURT: Now, before you go any further...

5 MR. HENIFIN: Sure.

6 THE COURT: You used the term that the taxpayers
7 probably don't understand, and so I know what it means, but
8 I want to make sure that any taxpayer who later has privy to
9 this conversation understands what that means.

10 MR. HENIFIN: That open book, Your Honor?

11 THE COURT: Cost plus.

12 MR. HENIFIN: Cost plus, yes, sir.

13 THE COURT: Right. Because ordinarily, a contract has
14 a -- has fixed terms and has fixed costs, and the cost-plus
15 contract is a different kind of contract. It allows the
16 parties to pay -- one to pay in and one to receive monies
17 in -- in excess of what the start-up off figure was.

18 Because usually, in a contract like that, that means
19 that the party furnishing the resource -- the repairs, et
20 cetera -- at the time of entering into the contract doesn't
21 know for sure what all is going to be required, and
22 therefore, to make sure that such a party is not prejudiced,
23 then there's a cost-plus contract. So you have sort of a
24 basic cost, but then this is going to be more than that,
25 then the repairing party has to justify that they need more

1 money than what was initially proposed.

2 So on this particular contract, it's a cost-plus; is
3 that correct?

4 MR. HENIFIN: Yes, Your Honor, but it's a little -- a
5 little different take on that. In fact, we've negotiated
6 labor rates up front, which are known, but we don't know how
7 many hours they're going to need.

8 THE COURT: Okay.

9 MR. HENIFIN: We've got the labor rates negotiated, and
10 we have a markup on materials. That's the "plus P," so
11 they'll actually open their books when they have to order
12 something, show us what the invoice was from the vendor, and
13 then we've negotiated a markup, a 10-percent markup, for the
14 materials that they buy. In the form of chemicals, which is
15 a big part of the cost, 10 percent seemed too high, and
16 we've negotiated down to 2-and-half percent for that. So
17 chemicals and power are one multiplier, and everything is at
18 another.

19 And so they'll monthly be opening their books, showing
20 us exactly what they spent to the local vendors and other
21 vendors that they are buying services and materials from.
22 Those have a markup. We see their costs, we see their
23 markup, that's what we pay them. On the labor side, they'll
24 track ours through the entire month, and we already know the
25 labor rate they'll be charged for each of their folks that

1 are working on the plants, and they will provide us the
2 hours times the negotiated hourly rate, and we will pay them
3 for that.

4 So it's a very -- the plus is the markups, and the
5 negotiated rate, which also has a markup in it. But we're
6 actually looking at their books and seeing exactly what it
7 cost to operate on a monthly basis. I mean, they only get
8 paid for what they actually did plus the markups.

9 THE COURT: All right. Thank you. Now, I interrupted
10 you.

11 MR. HENIFIN: No. That's absolutely --

12 THE COURT: So go back to where you were.

13 MR. HENIFIN: That's absolutely fine. So when we get
14 to the firm fixed-price contract -- so contractors build
15 risk into their prices in a firm fixed-price contract,
16 obviously. And this is -- this whole six-month period is to
17 try to minimize the amount of risk they would have to build
18 into the long-term cost. So this is -- we believe -- I
19 believe this is a -- like, a very positive step forward that
20 we can spend six months working closely with Jacobs to
21 understand what their actual costs are, so when they do bid
22 the firm fixed-price, we're all comfortable that there's not
23 excessive risk built into the price on the part of the
24 contractor.

25 But we -- we're also comfortable that he's not cut so

1 short that they can't perform the job. It's that balance.
2 They need to be able to actually perform the job and make a
3 profit, a reasonable profit, but we can't have them building
4 in too much risk where we would be paying extra for that.
5 And so that's the reason we've gone into this two-phased
6 approach, to get the best price. And something we're
7 both -- both parties are comfortable that we've got the
8 right amount of money in the contract.

9 THE COURT: Do you have a metric by which you can
10 compare in the past what Jacobs has performed in a contract
11 such as this nature?

12 MR. HENIFIN: They've provided -- I don't have it on
13 the top of my head, but I have it for -- they've provided
14 some benchmarks of what this kind of work has cost in other
15 markets. So I do have that, and I can provide that to the
16 Court if you would like. But --

17 THE COURT: Yes, I'd like to see it.

18 MR. HENIFIN: Yes, sir. I will provide that. It lines
19 up very well with what they've done in localities and other
20 communities across the country.

21 THE COURT: Have they ever had any litigation on those
22 kinds of matters?

23 MR. HENIFIN: I don't know that they've had it on
24 costs. Of course, they're a large company. They've had
25 lots of litigation over their contracts over the years, but

1 I'm not aware of any around costs and bids and operations
2 from that end.

3 THE COURT: Or -- or on cost plus?

4 MR. HENIFIN: Not that I'm aware of, Your Honor.

5 THE COURT: Okay. If you run into any such, then I'd
6 like to see that too.

7 MR. HENIFIN: Yes, sir.

8 THE COURT: All right. Thank you. Now go back to
9 where you were. I know I keep chiming in.

10 MR. HENIFIN: Sure.

11 THE COURT: Go back to where you were.

12 MR. HENIFIN: Well, that sort of summarizes where we
13 are on the plants, and to bring it home, we still have the
14 tenuous operation. In fact, while they're assuming
15 operation control -- they've got a very sophisticated staff.
16 They've hired almost all of the existing city employees.
17 There were three that decided they didn't want to work for
18 Jacobs, and there were two that didn't pass the background
19 check that Jacobs had.

20 So I think somewhere around 22 employees that were
21 working for the city are now working for Jacobs as of
22 Monday, the 20th, and most -- all of the ones I have spoken
23 to personally are very pleased with their situation. Much
24 to the dismay of the state, we've hired some Mississippi
25 State Department of Health employees as well. I would like

1 to think they're the best that they had. Now, they're part
2 of Jacobs, and they're going to be working at the plants as
3 well, so... and then they've hired a significant number of
4 other folks from the region.

5 There is a real benefit for the region that you've got
6 a national firm here. Everyone believes that when you bring
7 a national firm into contract that they're going to bring
8 their own people. They don't have a bunch of folks waiting
9 to go to Jackson. I mean, probably a lot of them want to
10 come to Jackson, but they already have full-time jobs where
11 they are. So it's incumbent on Jacobs to hire folks, and
12 it's most cost-effective to hire local folks. So they've
13 been making it a strong effort to fill all their positions
14 with folks locally or within the region, and there will be
15 people moving here from other parts of the country, I'm
16 sure, as a result of that.

17 But Jacobs themselves has a strong team here for the
18 transition, and those folks will start going back to where
19 they -- they live, and work and over time, only the
20 permanent Jacobs folks -- and there won't be a lot of those
21 that had been moved here from other Jacobs locations. There
22 will be some, but most of these folks will be new to Jacobs
23 but be trained in the Jacobs method of operating and have
24 the backstop of a large national organization and provide
25 technical assistance, training, all sorts of great things to

1 help make our plants operate like the rest of their plants,
2 which are very, very strongly operated across the country.
3 Permit compliance consistent. Just a great method of moving
4 us that direction.

5 THE COURT: So these local employees who have now been
6 transferred to Jacobs, should they have any concerns about
7 permanent employment?

8 MR. HENIFIN: I don't believe so. Jacobs is a large
9 company, and if we get into this -- you know, we're fully
10 intending to go to this long-term contract with Jacobs so
11 that they should be guaranteed positions here through that
12 six -- first six months plus the next five years. Jacobs is
13 committed to keeping them much longer than that, and it's
14 going to be incumbent on whoever's the contracting
15 authority, whether it continues to be like a third party
16 like we have today or whatever entity follows this.
17 Wherever administration of the water system resides going
18 forward, I would make a strong commitment that they're going
19 to rely on Jacobs to continue and operate unless they fail
20 for some reason, but I don't believe, based on their
21 history, we'll have that problem.

22 So I think they're here to stay. The employees all
23 took these positions and feel very good about working for
24 Jacobs. They've all seen pay increases as a result of it.
25 Obviously, the city employees gave up their Mississippi

1 State Retirement as a result of it.

2 THE COURT: That was my next question on retirement.

3 MR. HENIFIN: But there is a generous 401(k) in the
4 Jacobs package to help. All the other benefits were very
5 comparable to what they were receiving as city employees,
6 and really to all -- everyone that I have spoken to,
7 they're -- they're looking very much forward to working for
8 Jacobs.

9 THE COURT: But you also said that there might be a cap
10 at five years.

11 MR. HENIFIN: Could be if -- if -- I can't imagine that
12 we would be looking for another contractor. We -- whoever,
13 again, is -- whether it's a third party, whether it's the
14 city, whether -- whoever is moving the utility forward, I
15 can't imagine we would be looking for a different entity.

16 But the five-year restriction is typically how these
17 contracts are set up based on state law, and I haven't
18 researched if we could go longer here, but I believe five
19 years is about where we're at. If we can go longer, we
20 might go longer.

21 MS. MARTIN: Your Honor, Catoria Martin on behalf of
22 the City of Jackson. We have done longer term contracts.
23 We have done longer than five years in the past based on
24 this type of work.

25 MR. HENIFIN: But I would have to check with Jacobs --

1 THE COURT: Okay.

2 MR. HENIFIN: -- to see if they're interested in going
3 longer, but we have been planning on a five-year contract.

4 THE COURT: So then, what can you say to the employees
5 who have been shifted over or in the process of being
6 shifted over about the permanence of their employment so
7 they don't have to worry about going over to Jacobs and
8 then, in five years, being let go without any retirement?

9 MR. HENIFIN: So I believe that Jacobs would be firmly
10 entrenched in -- in placing them at another facility if for
11 some reason they didn't have this contract going forward.
12 There're always in need of skilled and talented operators
13 and other positions throughout the organization. And with
14 250 facilities across the country, there're in a constant
15 recruitment concept.

16 So I think they are very secure. I even believe
17 they're very secure here. I don't believe we'll be seeing a
18 contract change. It rarely happens in these kinds of
19 operation and maintenance contracts, but should it happen,
20 Jacobs is committed to keeping them employed. It just might
21 not be in Jackson.

22 THE COURT: What about the people that didn't want to
23 transfer to Jacobs?

24 MR. HENIFIN: So there were some --

25 THE COURT: Did someone debrief them as to why they did

1 not want to do so?

2 MR. HENIFIN: Yes, sir. And I think in all cases
3 they -- one had a -- already had another job offer within
4 another covered employer by the Mississippi Retirement
5 System, and so they went to work for a local school system,
6 not JPS but different school system. One is very close to
7 retirement, and we're actually helping them get to
8 retirement in September without having to transfer Jacobs.
9 We're making provisions to that. And the third one just
10 frankly never responded. I can't explain that one.

11 THE COURT: Okay. And then you said that at least two
12 failed a drug test?

13 MR. HENIFIN: It wasn't a drug test, Your Honor. There
14 was a --

15 THE COURT: What was it?

16 MR. HENIFIN: They had a series of background check
17 requirements.

18 THE COURT: Background check.

19 MR. HENIFIN: Yes, sir.

20 THE COURT: So it wasn't a drug test?

21 MR. HENIFIN: I believe not. Something popped on
22 someone's record that didn't fit with Jacobs. In fact,
23 we're still debating whether or not that's going to keep
24 that person from being employed. So I'm reaching back to
25 Jacobs. I just learned this yesterday.

1 THE COURT: Okay.

2 MR. HENIFIN: And we're reaching back to Jacobs'
3 attorneys to see -- Jacobs onsite wants this person very
4 much. They're a very skilled operator, but they've had a --
5 they've got a record in the distant past that doesn't meet
6 Jacobs' requirements, and so we are trying to figure out how
7 we can get past that.

8 THE COURT: Does Jacob have an insurance policy which
9 precludes employment of certain people?

10 MR. HENIFIN: I don't know that detail, Your Honor.

11 THE COURT: And then with regard to disqualifying
12 features, people out here who want to apply to Jacobs, what
13 should they know about the features that might disqualify
14 them from employment at Jacobs?

15 MR. HENIFIN: I don't have that list. I'd say that
16 this was a very -- this one case I know was a very unique
17 case. I'm not sure about the other person that didn't pass
18 the -- I don't know the details as to why they didn't meet
19 the requirements. I do know the one that I'm going to
20 arguing with Jacobs and pleading my case to try to get that
21 waived and whatever policy they've got. I don't know the
22 rationale on the other one yet.

23 THE COURT: Okay. So then on the disqualifying
24 features, I suppose that these matters would be set out in
25 the blurb seeking employees to tell them what would

1 disqualify them?

2 MR. HENIFIN: I don't believe that that level of detail
3 is put into those applications -- or those advertisements,
4 other than you need to satisfactorily pass the background
5 check and the drug screen. And so the details of what's in
6 a background check I don't know are routinely put into an
7 advertisement.

8 THE COURT: Okay. Go ahead.

9 MR. HENIFIN: Sure. That's where we are on the plants.
10 I'm feeling really good. I'm sleeping a lot better knowing
11 we've got this professional group, and as of Monday, I'm no
12 longer the operator of records. They are. So they might be
13 joining me here next time we have a status conference and we
14 have to explain any problems, but we're not going to have
15 any more problems.

16 THE COURT: Okay. So are you saying that as a
17 guarantee or just a hope?

18 MR. HENIFIN: That -- on the operation side, that's
19 just a hope.

20 THE COURT: I know.

21 MR. HENIFIN: The tenuous part that I was explaining
22 shortly ago is there's still a number of capital
23 improvements that need to be made at the plants. The
24 chemical feed, I believe, is one that I talked about when I
25 was here at the last status conference. None of the

1 chemical feed systems are flow-paced, meaning they aren't
2 computer-controlled, and so manually have to make
3 adjustments. That work is under design now to replace all
4 of that so it is finally computer-controlled and done
5 correctly, and it'll have the appropriate pumps and
6 redundancies.

7 Once that's in place, we'll be a little closer to
8 saying it's not so tenuous, and we've still got a chlorine
9 system that's going to be replaced. We've got sludge
10 channeling that needs to be replaced. So we've got a number
11 of investments that still need to be made before I could
12 stand here in front of you and say it's not a tenuous
13 situation. But it's less tenuous today than it was when I
14 was here in January.

15 THE COURT: And how much improvement has been made on
16 the computer system?

17 MR. HENIFIN: That one is just -- that works under
18 design. So it had -- the actual improvements haven't been
19 made. We've got an engineering firm that's working on that
20 design now. We've brought in a national firm, HDR. They're
21 doing the beginning design work. Looking like that's
22 probably midyear before that's design finished and we can
23 start working on that -- those actual pumps and replacement,
24 things like that. We're still months away.

25 THE COURT: Can the computer spit out the e-codes now?

1 The e-codes, can a computer spit those out now?

2 MR. HENIFIN: I'm sorry. I'm missing --

3 THE COURT: You know, the e-codes. You know the code
4 that says --

5 MR. HENIFIN: Oh, the codes. Yes, sir.

6 THE COURT: That's right. The e-code.

7 MR. HENIFIN: Yes, sir. The --

8 THE COURT: A, B, C, D, E.

9 MR. HENIFIN: All right. Yes, sir.

10 THE COURT: Which says that as long as a residence or
11 commercial establishment has an e-code, then that entity
12 does not have to make any water payments. And that has been
13 abused in the past when people have been put on the e-code,
14 and they didn't really have any problems with their delivery
15 of water because of the city. But it might have been some
16 other factors that caused someone to put them on e-code.

17 MR. HENIFIN: So this is -- in my prepared remarks,
18 that's a little further down. That's the billing system.
19 So, like, totally different computer system than the one
20 that's at the plants controlling --

21 THE COURT: Okay.

22 MR. HENIFIN: -- the operation. So can we come back to
23 that, Your Honor?

24 THE COURT: Sure. That's great.

25 MR. HENIFIN: Thank you.

1 THE COURT: All right. Go right ahead.

2 MR. HENIFIN: Yes, sir. So again, still tenuous. Less
3 tenuous than it was before. Much better shape at the
4 plants.

5 So then the second piece of this is our distribution
6 system. You know, the plants pump the water into the pipes,
7 and the pipes deliver it to -- throughout our community. At
8 the moment, we're in much better shape than we were as far
9 as pressure balancing goes, only because we've got Jordan
10 Hillman, former public works director. He's working for me
11 now. And Terrance Byrd, who is also a city employee, is now
12 working for Jackson Water, my organization. They've been
13 actually working the distribution system by measuring water
14 quality in two different areas and trying to understand what
15 might be keeping it from flowing the direction it should.
16 This is a slow, hard process that they've actually
17 identified a number of major valves that were closed.
18 They've opened those valves, and we're seeing much better
19 pressure balance to the system as a result of just the work
20 they've done over the last month and a half.

21 So I can tell you today that all of our elevated
22 storage tanks have more water in them today than they've had
23 since I don't know when, since any of us have been looking
24 at this closely. So more than probably six months, eight
25 months, maybe a year, maybe multiple years. So we've got a

1 much better pressure balance, you know, anecdotally, the
2 very end of our surface water system -- you know, we've got
3 the well water system and a surface water system. The very
4 end of the surface water system is on Forest Hills Road, and
5 there's three residents there that have been struggling with
6 water pressure off and on for much longer than even our
7 challenged years -- or challenged months since the fall.

8 I got a report -- a text message from one of those
9 residents on Wednesday that they finally were able to take a
10 shower. And so we've gotten the pressure up at the very end
11 of the system to where it hasn't been since some time last
12 summer. So I'm feeling pretty good about some of the work
13 we've done in the system. But that's just the start.

14 So you -- I mentioned the fact we're working with a
15 hydraulic model, computerized model of the entire system,
16 and that is now complete but not calibrated. So the next
17 step is calibrating it by understanding where all the valves
18 are, what position they're in, and assessing the condition
19 of all of the valves. We ordered a contract to do that work
20 with a national firm that's here onsite with one crew right
21 now helping, again, my staff, open valve. They'll be here
22 with multiple crews when we have enough mapping to keep them
23 busy because you -- we don't want to roll them into town and
24 then have them sitting around in pretty expensive trucks and
25 crews. So we're trying to get ahead of them on the mapping.

1 And then we have a national firm, Stantec Engineering
2 Consulting, that is going to coordinate this work and take
3 the -- the model's a tool, and you need someone to use the
4 tool, and we need this calibration to help fix the tools.
5 So we've got these three parties. We have them all together
6 here on Tuesday in a kick-off meeting, room full of very
7 bright folks setting out the plan to how to move forward to
8 get this done, to get the model fully functional and
9 calibrated, realtime information coming from the valve crews
10 back to the modelers, and the engineering firm that's going
11 to analyze it can start some analysis and start seeing where
12 the holes are. And that's all kicked off as of Tuesday.

13 We have a big group at the Trustmark Community Room
14 over in Fondren all day Tuesday. Really made great
15 progress. Feeling good about that. The result of that will
16 ultimately be here are the changes we need to make to the
17 distribution system, whether it's add a valve, add to
18 pressure zones, do something different entirely to make sure
19 that we always have pressure in South Jackson and other
20 parts of the city that have suffered for many, many years
21 from lower pressure. And I think the results of that are
22 going to be capital projects likely, and so we will get the
23 priority projects that can guarantee we can keep pressure in
24 the system some time before the end of the year as a result
25 of that effort.

1 I know it seems slow. There's a lot of work to be done
2 to make that happen. And trust me, I'm pushing very hard to
3 get that done quickly. You know, with the fact that we're
4 only here 75 days into the order and we've got that team
5 onboard and kicked off I think says a lot about the speed at
6 which we're working right now. So I'm feeling good that
7 we've got those folks here, and they're working hard.

8 So that's where we are on the distribution system.
9 We'll continue to do our little bits to try to find the
10 areas that work while they're modeling and while they're
11 doing the valve assessments. But I would expect over the
12 next several months we're going to see some significant
13 improvements just in how the system operates today even
14 without further capital investments, which once we put those
15 in place, we'll provide much more of the guarantees we need
16 to make sure that we don't lose pressure every time we lose
17 a pipe or have a plant problem.

18 Normal systems don't have that. You've got storage in
19 the system, so if you have a little hiccup at the plant, you
20 just shut it down. The storage takes care of it. That
21 should be happening here, but it doesn't, because we
22 don't -- and we don't even know how the system operates,
23 which is why we've got the modelers, the engineers, and the
24 valve folks working so hard right now to try to solve those
25 problems.

1 And then on top of that, you know, the -- the idea that
2 every time we have a line break, we start having parts of
3 the city go down, and a big line break, we can lose pressure
4 across the city, another thing that doesn't happen in every
5 system. Often, pressure isolation allows the -- that part
6 of the system to not drain down the rest, but the other
7 piece of that is rapid response on the part of the water
8 system.

9 We've had two major line breaks that in the past would
10 have taken down significant parts of our system. Our staff
11 responded quickly, isolated the valves that shut that water
12 off and made the repair later after isolating it. That
13 wasn't our standard operating procedure prior to this. But
14 in those two instances, we had larger -- large lines,
15 20-inch diameter pipes, full breaks, and we isolated it
16 within hours, and the system had no widespread problems.
17 Obviously, the people right there near lost water for a
18 period of time while we were making the repair, but we
19 didn't hear about it in the news. We didn't lose water,
20 have a huge problem in the city, and that's because we've
21 now instituted some rapid response on these large breaks and
22 better procedures on how to deal with them.

23 So feeling pretty good about where we are on both the
24 plants and the distribution system, not good enough to tell
25 you I'm guaranteeing you no failures. We still have some

1 tenuous pieces out there, but we're working hard to get
2 those taken care of.

3 Next piece might be leaks. Another favorite part of
4 Jackson is you can drive around and see water flowing out of
5 the ground pretty much everywhere unfortunately. We have
6 instituted a find-and-fix leak program. We're still lining
7 up smaller contractors that can do the work for most of
8 these. And most of these are on small diameter pipe, less
9 than six inches in diameter, less than 6 inches deep.

10 We've got a lot of small contractors that can do that
11 kind of work. Lining up a group of contractors -- and they
12 could be managed by a local engineering, IMS, and they're
13 going to be a program manager for this find-and-fix leak
14 program that will start sometime. And they will be
15 basically going over every city street to find where leaks
16 are, near meters, near -- in the street. Identifying those
17 leaks and bringing in contractors that will have a whole
18 list of qualified contractors to work on that
19 simultaneously. And I think within a couple of months,
20 we'll start seeing significant response and repairs of these
21 leaks that have plagued us for years. And we get complaints
22 constantly about how long these have been going. We just
23 don't have the response mechanism built yet, but we're
24 getting very, very close.

25 THE COURT: What does that mean, that you don't have

1 the response mechanism yet?

2 MR. HENIFIN: We don't have the contractors in place
3 that can respond for us. We're working on that, getting the
4 contractors, getting the contracts to those contractors,
5 getting their bids. Those will all be done on a
6 time-and-material basis, because you really don't know what
7 you're facing when you start digging up a leak. Is it a
8 major crack? Is it a whole break in the pipe? Is it
9 something that can be done with a clamp? There's such a
10 wide variety.

11 So we'll, again, prenegotiate labor rates and equipment
12 rates. And the engineer firm that we've hired locally will
13 be onsite to make sure we're tracking their hours and their
14 costs, and they will invoice us, ultimately, based on those
15 prenegotiated rates for each of these repairs that they
16 make, and we'll --

17 THE COURT: The last time you were here, you were not
18 sure as to where these leaks were located.

19 MR. HENIFIN: Well, these are the small ones we know
20 where -- I mean, they're everywhere, right? You can see
21 these. We're still concerned that this isn't the full 30
22 million gallons a day that we're losing. So we're still
23 going to be doing the -- the valve company that's coming in
24 to do the valve assessment is going to be doing some
25 acoustic leak detection work on the bigger pipes to find the

1 leaks that we don't see. We are convinced that there's
2 leaks that are going into the ground -- maybe in the storm
3 drainage system, maybe into the sewer system, maybe into the
4 rivers or creeks -- that we haven't been able to see,
5 because they're not bubbling up on the street. And so
6 people just don't notice that fact that the pipe's leaking
7 if it's leaking into a body of water. Those are the ones
8 we're going to find through this acoustic testing of the
9 pipes over a period of time. So --

10 THE COURT: And -- but the volume of water that is
11 affected by these leaks is tremendous.

12 MR. HENIFIN: Yes, sir, it is. 30 million gallons a
13 day but --

14 THE COURT: Day. That's a day, right?

15 MR. HENIFIN: Yes, sir.

16 THE COURT: Okay. Now, let's quantify that some kind
17 of way. If we were taking that 30 million gallons of water
18 and distributing it to the homes, how much money would the
19 city be raking in for those 30 million gallons that now they
20 are losing, because they can't bill for it?

21 MR. HENIFIN: So we essentially should be using -- our
22 citizenry should be using about 15 million gallons a day.
23 On the water side, that would generate somewhere in the
24 \$30-million-a-year revenue. So if they could use the extra
25 30 million gallons, which we'll come back to, because they

1 can't. But if we sell that water, then we would probably be
2 at about a \$90-million-revenue model just on the water side.

3 But we can't use that much water. I mean, 300 gallons
4 a day per person is outrageous. There's no city in the
5 United States that's even close to that. The average in the
6 U.S. is 88 gallons a day per person. We're -- if you
7 estimate us at 100 and we're somewhere in the 15- to
8 16-million-gallons-a-day range is what the citizens and
9 Jackson should be consuming even with their sprinklers and
10 pools, it would average out to somewhere in that 100 gallons
11 a day per person.

12 And so the fact of putting out 300 gallons per day per
13 person means we're losing 200 gallons a day per person
14 somewhere in the city.

15 THE COURT: And that translates into how much money
16 being lost?

17 MR. HENIFIN: We wouldn't even be able to collect that
18 revenue, but where it is translated is to cost. If we could
19 find those leaks, we wouldn't need half two plants. We
20 would only need half of one of our two -- two treatment
21 plants. At the Curtis Plant, there's a membrane plant and a
22 conventional plant. They're both rated to do 25 million
23 gallons a day. If we only need 15 to 20 million at the top,
24 we could shut half of it down and save half of our operating
25 cost.

1 THE COURT: Which would be how much?

2 MR. HENIFIN: Which would be somewhere in the -- for
3 that one plant, that operating cost is going be -- that
4 would probably be about somewhere in the \$12-million-a-year
5 range if we could cut half of that cost down. I mean, the
6 savings here are tremendous, so we've got to find the water,
7 and we're going to find the water, and we're on -- on track
8 to find it.

9 The little leaks I talked about on the find-and-fix
10 will add up to millions of gallons, but not 30 million
11 gallons, I don't think. And so we'll fix those leaks, and
12 those are the visible nuisance leaks that everyone has in
13 their -- you know, on their street creating puddles,
14 creating mudholes in their yards. We need to get those
15 fixed, but at the same time, we need to find these bigger
16 leaks if we can, and that's what we're on.

17 THE COURT: The bigger leaks --

18 MR. HENIFIN: The ones that --

19 THE COURT: -- where is water going?

20 MR. HENIFIN: It's got to be going into a river, a
21 creek, pond, sewer system, stormwater system. It's got to
22 go somewhere where people aren't paying attention to it or
23 we would find those, and that's why we need internal
24 acoustic devices that go in the pipes and listen for those
25 leaks and areas where we can't really access easily.

1 They're buried pipes likely leaking underground to some
2 other location; and so we just can't see it, we don't know
3 where it's happening. Combination of the modeling leak
4 detection, all the things we're putting in place should help
5 give us clues as to where that water is and where it's going
6 and how to fix it.

7 THE COURT: How much will this acoustic device cost?

8 MR. HENIFIN: So that's part of the contract, of the
9 \$5.6 million contract on the valve assessment, hydrant work,
10 and leak detection. And then there's ongoing cost for
11 annual leak detection monitoring program. The acoustic
12 devices will be sending a signal back to a software that
13 will be constantly listening for leaks, new leaks, and then
14 we'll be monitoring the system going forward from that end.

15 THE COURT: Okay. Go ahead.

16 MR. HENIFIN: Sure. So the other thing that's happened
17 recently is we have approached the Mississippi Department of
18 Health about reclassifying the Curtis Plant. This gets a
19 little complex, and I'm not -- I am not the water regulator,
20 but I'll explain, basically, because we didn't do some
21 source water testing.

22 So you go out and check your reservoir to look for --
23 in this case it was cryptosporidium, which is a parasite
24 virus? Yeah. My expertise. But the crypto essentially
25 require -- if you have it in your source water, you have to

1 do additional treatment. And so what we found is we don't
2 have it in the source water. We've got sampling from 2017
3 through 2019. The health department has looked at and
4 agrees this doesn't exist in our water.

5 And so we are able to change our process to save some
6 money on how we're operating our water treatment plant based
7 on reclassifications the health department's working with us
8 on right now. So hasn't happened fully yet, but again,
9 shows the cooperation between the state and us as we're
10 trying to figure out how to save some money and make sure
11 we're still protecting public health, providing safe
12 drinking water, but not adding unnecessary processes if they
13 truly are unnecessary. And so that's the analysis we're
14 doing right now. So that's going to potentially lead again
15 to further cost savings as we move forward.

16 And you know I've talked about the -- the
17 vulnerabilities already, so I guess now I'll transition.

18 That's kind of the status of where we are on the
19 plants, the pipes. Any questions on that part? Now it's
20 just going to go into some general observations around how
21 effective the order you've put in place has been, at least
22 from my perspective.

23 So, you know, I think it's being -- it's effective and
24 respected in the fact that I've been asked to visit with the
25 governor, lieutenant governor, the speaker of the house,

1 other senators. It's getting a lot of attention. The
2 city's been incredibly cooperative, and I spent a lot of
3 time with the senior city staff as well keeping them
4 informed. But everybody is supportive of getting the water
5 system fixed, and I think everyone has been supportive of
6 the method at which we're going after this through this
7 order, the way it's been set up. I think it's just been --
8 it's been great to be in the community and -- and get the
9 support from folks that really want to see their water
10 system fixed, and they all are very supportive of the method
11 at which we're going after this.

12 You know, so one of the pieces that -- when I submitted
13 the financial plan, I had to do it in a fairly short order.
14 It was 60 days after the order was signed that it had to be
15 submitted, not enough time to get community input. Over the
16 next month, we've got a series of community meetings set up,
17 nonpolitical. We have not invited elected officials. It's
18 to get input from the residents here in Jackson about
19 potential new rate structures as well as, you know, what
20 kind of organization would they want to see governing the
21 water system going forward. And so we'll get that feedback,
22 and I think we'll be able to refine a recommendation to the
23 Court, at that point, about what that long-term path should
24 be going forward, and I'm looking forward to those meetings.

25 That's -- going to be a series of them. We're

1 spreading them out throughout the community. We're going to
2 do them on weekends whenever people are going to be
3 available. My communication from Farenheit and the US Water
4 Alliance are helping me set those up and facilitate those
5 meetings. So a lot of information gathering because we had
6 to jump out in front of some proposals that you may have
7 read in the financial plan around future governance options,
8 which I laid out several, as well as rate options, which
9 I've laid out several. And so to fine tune that, getting
10 this community input is a critical piece of that.

11 THE COURT: Well, what do you expect to hear from the
12 population? I would expect for them to say that they want
13 constant water, cleaner water, and cheaper water.

14 What else do expect for them to say?

15 MR. HENIFIN: I also expect -- what I'm trying to get
16 out of them is do they want -- who do they want to be
17 running their water system. Do they want it to be an
18 authority that's created by the state? Do they want it to
19 be an authority created by the city? Do they want it to be
20 back in the city as a city department? They want something
21 different? There's a variety of ways to move forward, but
22 what -- which one will they trust, and which one do they
23 feel comfortable with I think is the big -- the big
24 question.

25 THE COURT: But you said a few moments ago that you

1 didn't want to invite politicians because you didn't want
2 this to be a political meeting.

3 MR. HENIFIN: So the -- so they could be free to speak
4 their minds about the -- where they feel comfortable about
5 the future of the water system.

6 THE COURT: But that last question would be a political
7 question.

8 MR. HENIFIN: So they would be able speak it without
9 politicians in the room or answer that question without
10 politicians in the room. That's the intent of that being a
11 nonelected official question.

12 THE COURT: And so how does the city feel about that
13 proposed town meeting without their involvement?

14 MR. HENIFIN: All the council members want to be
15 involved.

16 THE COURT: They want to be involved?

17 MR. HENIFIN: They're all -- they're all trying to get
18 to all these meetings, and I think -- at that point, though,
19 I've talked to the senior -- the mayor in particular, and I
20 think he is okay, not maybe comfortable, but okay with the
21 idea that we need to solicit this information without
22 further political influence. Doesn't mean we're acting on
23 it. We're just trying to get feedback.

24 THE COURT: And you want this feedback person to
25 person? That is, you want it to be a meeting with the

1 members of your team talking directly to the public?

2 MR. HENIFIN: Yes. Yes, Your Honor.

3 THE COURT: So therefore, you have ruled out the
4 prospect of sending out a questionnaire?

5 MR. HENIFIN: Not ruled it out yet, sir, but we're --
6 let's get our first phase of feedback and see where that
7 goes. But the questionnaire could easily follow.

8 THE COURT: And how committed are you and your team on
9 this notion of not allowing politicians to attend?

10 MR. HENIFIN: We're not going to throw them out, Your
11 Honor. We're asking them not to attend.

12 THE COURT: And so if they do attend, is that when you
13 throw them out?

14 MR. HENIFIN: No, we're not going to throw them out,
15 Your Honor.

16 THE COURT: Okay.

17 MR. HENIFIN: We'll try to manage it the best we can,
18 unless you want to order them to stay away.

19 THE COURT: Well, the reason that you are pursuing this
20 in this manner is, as you said, you do not want them to
21 be -- that is the citizenry -- to be intimidated.

22 MR. HENIFIN: Exactly.

23 THE COURT: And feel like they are reporting their
24 political figures, and you just want to have their
25 unadulterated opinion as to this whole matter, but you still

1 have to acknowledge this question can spill over into a
2 political answer.

3 MR. HENIFIN: Oh, it's extremely political, Your Honor.
4 Obviously, based on what's going on in the state capital,
5 there's a lot of interest in politics going on around our
6 water system.

7 THE COURT: But as of right now, have you -- have you
8 taken any steps towards this community meeting?

9 MR. HENIFIN: Yes. So as my communications group,
10 Farenheit, as they've been setting up, you know, we've
11 talked about who they're inviting and who, you know, as far
12 as opening it to the public, and they've told the -- some of
13 the council members that have asked to be in attendance that
14 we're asking them not to. It hasn't been a challenge to
15 receive that yet. We'll see what happens when we actually
16 hold the meetings, but you know, we're expressing to the
17 council members and the mayor the fact that we're trying to
18 do this without a lot of political influence at least for
19 the feedback. We understand that ultimately when a decision
20 or a recommendation is made to the Court, there's going to
21 be a lot of interest from the politicians on how that
22 happens.

23 THE COURT: Will the public be provided any vital
24 information before the meeting? For instance, what is the
25 cost of water in the City of Jackson? Will they be provided

1 that and how that's determined, how that's calculated for
2 instance?

3 MR. HENIFIN: Yeah. So in the financial model, we've
4 developed several rate plans. You know, you've identified,
5 I think, already some just in your comments. So we don't
6 have everyone billed, and we don't even know where all the
7 accounts are. There're a number of challenges with our
8 current metering system that we need to fix. We're going to
9 stick on a meter basis.

10 So one of the questions to the public is would you
11 trust a nonmetered basis for billing water. So the idea
12 would be you use a property attribute, say square footage
13 property value, and you would apply a factor to that to
14 calculate what their fair share of the water system cost
15 would be. And that's pretty controversial in many ways, a
16 lot from the leadership and the state government that
17 believes that's potentially in violation of state law,
18 that's yet to be determined on our end from what argument we
19 might have that way.

20 But, you know, that's the -- the problem we have here
21 in Jackson is we've got eight -- actually more than, like,
22 ten years of failed metering issues. We had the Siemens
23 Contract. We weren't doing well just before that. As
24 people lost faith in their meters and the city lost control
25 of the ability to meter and bill for a variety of factors,

1 there's very low confidence when people get a bill, if they
2 get a bill, that it's correct; and so we are battling this
3 constantly.

4 We've got over 6,500 properties we've identified that
5 are improved and according to the assessor's database but
6 have no corresponding water accounts. So we've got to go
7 put eyes on every one of those to see is it truly an
8 improved property with an active water user? Is it an
9 abandoned house? Is it just a garage? But that's 6,500
10 properties we've got to go put eyes on to find out why
11 they're showing in the assessor's database as an improved
12 property, and we don't have a water account for them. And I
13 can tell you anecdotally there's a number of folks in this
14 community that have told me, but they've tried to get a
15 water account. And for whatever reason, they haven't gotten
16 one, and they've been using water for years.

17 So we've got so many problems associated with this
18 metering, and -- and we're -- I am committed to figure this
19 out one way or another. But, again, one solution --
20 proposed solution that we really want people to give us some
21 feedback on is this idea of does it really matter if you
22 have a meter, and we come up with a different way to bill
23 you for your water that's equitable across the population,
24 affordable for everybody, and generates the revenue we need.
25 And it's easy. You don't have to call us and complain about

1 your meter read because there won't be a meter read. Your
2 bill will be the same month after month after month. It's
3 very easy to bill, very easy to understand.

4 I think it's got a lot of positives from that -- you
5 know, our metering infrastructure is going to cost us
6 \$10 million a year going forward. That's the cost of our
7 billing staff; the IT folks that are -- we are contracted
8 with between the meter and where it goes into our billing
9 system; and then the metering contract which we've entered,
10 which is a no-cash-up-front-metering contract. We didn't
11 spend anything. They get it all on the backside as we start
12 using the meters.

13 And so once all the meters are in place, the ones that
14 are being installed today, the bill will be \$5.2 million in
15 the first year and then escalate about 3 percent every year
16 for the next 20 years. So we're on the hook for that
17 metering cost. Haven't found a way out of the contract yet.
18 Haven't given up, but the buyout as they provide it to us,
19 \$60 million, in today's dollars, to buy us out of that
20 metering contract.

21 THE COURT: Have you determined who has the authority
22 to place commercial and residential customers on the e-plan?

23 MR. HENIFIN: I am not sure what the e-plan is, Your
24 Honor. I'm going -- I'm going to research it and find out.

25 THE COURT: Well, I can tell you what it is. I think I

1 said something about it last time. The e-plan was not known
2 to the general public. I bumped into it on another case.
3 And I do mean bumped into it because I didn't know anything
4 about it.

5 But the e-plan is -- it comes into focus when -- and it
6 had -- it had a good intentioned source for the e-plan.
7 That is, if the city is responsible for the nondelivery of
8 water because there's something wrong with the city pipes.

9 MR. HENIFIN: All right.

10 THE COURT: Or the city's delivery system. Then the
11 homeowner or business should not be required to make
12 payments until the city corrects that problem. So that was
13 called an e-plan. And so, again, the e-plan had a great
14 beginning because why should the customer have to pay when
15 it's not the customer's fault that the distribution of water
16 was not being accomplished?

17 But then, later on, some entities and homeowners were
18 placed on the e-plan not for that particular reason. And
19 I'm not talking about recently. I'm talking about over the
20 years. And so these entities were placed on the e-plan,
21 which means then that regular bills were not being submitted
22 to these entities, whether homeowners or businesses. And in
23 fact, over the years, these e-planners were not required to
24 make any water payments for years. Not just months, but for
25 years. And some persons, in fact, even considered this

1 forbearance on having to pay water bills was a right that
2 they had because they had been off of the requirement so
3 long they didn't think they were required to pay any water
4 bills. So this e-plan extended to the homeowner -- to
5 certain homeowners, and it extended to certain businesses.
6 And a great amount of revenue was lost to the city because
7 of this whole e-plan situation.

8 And then, when I asked some persons connected with the
9 water company, how could I find out who all were on the
10 e-plan so that one could investigate to see whether they
11 were legitimately on that e-plan, the answer was no, because
12 the answer was -- was that there was not a computer model
13 that would identify the e-planners. And so then, people
14 just stayed on it.

15 So I asked from time to time, you know, about that, but
16 I didn't have a lawsuit to work with at the time, but
17 nevertheless -- and I was given various reasons as to why
18 certain individuals or businesses were placed on the e-plan.
19 When they didn't have this circumstance, I just described to
20 you where it was the city's fault that they were not being
21 distributed water. There were other considerations
22 involved.

23 And this apparently lasted for quite a while. Years.
24 And so, as I said, I wanted to know why the city just simply
25 couldn't hit a button on the computer and create all of the

1 folk on e-plan and then go out and investigate as to whether
2 they legitimately were on the e-plan.

3 MR. HENIFIN: That might explain the 6500 properties
4 that I just described, why they don't have accounts. But
5 this is the first I've heard of the e-plan, but it may help
6 me in my further investigation as to why we don't bill a
7 hundred percent of our customers, haven't for years. Lacked
8 about 60 to 70 percent of the revenue we should.

9 But there's just huge gaps in the information, and, you
10 know, it's part of my job, because I was given that lovely
11 prize of the water and sewer billing administration, will be
12 to get to the bottom of that and make sure that everyone is
13 using water, is charged the appropriate rate, and we are in
14 the business of collecting that. But it needs to be
15 affordable.

16 There's no doubt that in current rate models there is a
17 disjoint to making -- rate has to be the same for all
18 customer classes. And in our traditional model, we set the
19 rate where we think it's affordable for the lowest quintile
20 of our population, and that's a subjective determination
21 made by people like me and my staff. And that could be 6,
22 8, 10 percent of their household income devoted to their
23 water bill. Frankly, I find that terrible, something that I
24 am looking for a better way.

25 And, again, some of the billing mechanisms we've

1 suggested and I've have suggested through the financial plan
2 does address that in a more equitable way. And I think as a
3 country we need to be concerned about the rising cost of
4 water. Water's expensive, and -- and let me give you a
5 quick summary of what I've been telling everybody about
6 water here, and it's true across the country.

7 Actual water is pretty cheap. We get it for free from
8 the reservoir or the river. We add a little bit of chemical
9 and a little power and we push it out into the system. The
10 expense is in the big infrastructure we've already got in
11 the ground and the treatment plants; the labor to run the
12 treatment plants; the labor to maintain the pipes, fix the
13 pipes. Nothing to do with actual -- the water you consume.
14 Because if you didn't drink water tomorrow and everyone in
15 your neighborhood drink water tomorrow, all of those costs
16 would be the same whether you're using your water or not
17 with the exception a little bit of chemical and a little bit
18 of power.

19 And so all our cost is fixed essentially. And that's
20 why a consumptive rate is just -- doesn't make much sense
21 for water whether you're in Jackson or whether you're in
22 Sacramento or wherever you are in the country. It's a habit
23 we've gotten into. It's the accepted practice. It's the
24 method at which we bill. It needs to change, and I'm hoping
25 it changes here in Jackson as a result of this order.

1 THE COURT: Do you have a model across the country that
2 you hope to follow?

3 MR. HENIFIN: Nobody else has gotten to that point.
4 We've got some studies that have been done by the US Water
5 Alliance. We would be, as far as I know, the first utility
6 to try to do a property-attribute-based rate across the
7 board.

8 THE COURT: And you're hoping that that will come to
9 pass in the near future?

10 MR. HENIFIN: I am, but it's going to be a battle. We
11 may need your help, Your Honor.

12 THE COURT: All right. Well, I'm here.

13 MR. HENIFIN: Thank you.

14 THE COURT: Go ahead on.

15 MR. HENIFIN: So I don't know that I've got a whole lot
16 left.

17 THE COURT: Well, that's okay.

18 MR. HENIFIN: Those are -- those are the big-ticket
19 items. I would like to mention one that has come up is
20 the -- as it's sort of related to the order you started with
21 this morning on the confidentiality on the other issue
22 before another judge here.

23 Your Honor, I am in charge as a part of your order as
24 billing for water and sewer. It's a single enterprise, and
25 I bill -- have to bill for both, and yet, I've got no

1 control or authority on how the sewer dollars are spent.
2 And with a large federal influx that came, fortunately, at
3 the time of this order, shortly after that, we've got a lot
4 of money to work with water, but we don't have a lot of
5 money to work with sewer, because all of that federal money
6 has been designated and restricted largely for sewer -- or
7 for water use only. But by using those in combination in
8 the same financial plan, we can take more of our local
9 revenue and devote it to sewer while we use the federal
10 revenue for the water side.

11 So I think there's some opportunities by bringing these
12 together. I think the parties are going to talk more about
13 that, but I'm hoping that we figure out how to make that
14 work. And that's, I think, all I have got, Your Honor.

15 THE COURT: Well, I have one more question. We've had
16 a lot of conversations here and about the water plants, all
17 of the water plants, and then you-all are sending me a ton
18 of paperwork. You've killed a lot of trees. And I've been
19 reading all this stuff trying to develop some expertise on
20 this, but I'm limited on my development when I'm just
21 reading.

22 What's the possibility of a tour of the water plant?

23 MR. HENIFIN: Anytime you want, Your Honor. I'm ready
24 to take you.

25 THE COURT: Okay.

1 MR. HENIFIN: We'll put people that really know what's
2 going on out there with us because I'm not the expert. You
3 know, I can make a lot of things happen, but I'll have
4 someone there who can tell you everything you want to know
5 about that water plant.

6 THE COURT: Okay. I want a tour of the water plant.
7 And then, would it be any problem if I take pictures while
8 I'm out there for my own files?

9 MR. HENIFIN: No, sir. We'd appreciate you do it.

10 THE COURT: Okay.

11 MR. HENIFIN: We're not hiding anything out there.

12 THE COURT: Okay. Good. That's what I wanted, to make
13 my file and have my tour, and I have some questions with the
14 hands on so I can have some idea about what's going on
15 hands-on. And I want to see all of that.

16 MR. HENIFIN: I would love to take you, Your Honor, and
17 we'll have a great time at the drinking water plant.

18 THE COURT: Okay, then.

19 MR. HENIFIN: Both plants. Yes, sir.

20 THE COURT: All right, then. Anything else you want to
21 tell me?

22 MR. HENIFIN: That's about it. Have a good weekend.
23 Drink lots of water.

24 THE COURT: Well, I'll be right here over the weekend.

25 All right. Anybody else have something that you would

1 like to add up here, anybody else?

2 MS. MARTIN: Your Honor, Catoria Martin on behalf of
3 the City of Jackson. If I may clarify some points, if that
4 is acceptable?

5 THE COURT: Okay. Sure.

6 MS. MARTIN: And, Your Honor, I tried to make some
7 notes based on the comments from Mr. Henifin, and we -- we
8 do have a very good working relationship. We -- we meet
9 with Mr. Henifin probably at least weekly either virtually
10 or in person; and so I did just want to clarify some of the
11 points that came up. Some of them make sure that Your Honor
12 is cleared on kind of where we are in terms of status, but
13 also some of them just to make sure that the Court is
14 informed.

15 And so the first one is on the displaced employees. So
16 you heard Mr. Henifin talk today about, you know, three
17 employees who did not want to continue working with the
18 third-party operator, which is Jacobs Engineering, and two
19 employees who didn't pass the background check. So we are
20 happy to hear that it sounds like only one of those three
21 employees will be returning back to the city, and I did want
22 to inform Your Honor that we do have a plan for those
23 employees who Mr. Henifin has not found performance issues
24 with. We will try to place those employees in other places
25 within the city.

1 And so on the sewer side, we have some open positions,
2 and so we will try and place those employees in other places
3 in the city. And so we've worked with Mr. Henifin to ensure
4 that whatever employees he's not able to keep employed, they
5 will come back to the city, and if there are no performance
6 issues, we will do our best to find a place for them in the
7 city.

8 THE COURT: Okay. Thank you.

9 MS. MARTIN: On the long-term contract for maintenance,
10 the city has in the past done longer term contracts. I
11 think the best example of that is our contract on the sewer
12 side. We have a contract with Veolia, and that was
13 initially a ten-year contract with a five-year extension. I
14 did want to include that the stipulated order that was
15 entered into by all of the parties actually requires that if
16 the third-party manager enters into a long-term contract,
17 that contract then has to be reviewed by the office of the
18 city attorney.

19 So the City of Jackson will have the opportunity to
20 comment and offer suggestions on any long-term contract that
21 is entered into, and the city is very interested in reducing
22 cost on those long-term contracts. And so we will at that
23 point have a discussion with the third-party manager about
24 longer terms but also how -- depending on the amount of --
25 the amount time and the term and the ability to make some

1 repairs on the distribution side, how that might benefit the
2 city in terms of reducing that cost of that maintenance
3 contract.

4 And the city does have a past relationship with Jacobs
5 Engineering. I don't know if that was clear to Your Honor,
6 but we have worked with them in the past. We have not
7 worked with them in this capacity where they have provided
8 maintenance, direct maintenance, to that water treatment
9 plant, but the city has had a relationship with their
10 company in the past.

11 THE COURT: Over what period of time? Over what period
12 of time?

13 MS. MARTIN: We -- we had at least one existing
14 contract with them in the last two years. That was a
15 contract where we were trying to do some work personnel and
16 the public workings department.

17 THE COURT: Okay. Were you satisfied with the
18 performance under that contract?

19 MS. MARTIN: I believe so. I do -- I believe we were
20 very satisfied with their work at that point.

21 THE COURT: And you're saying you believe?

22 MS. MARTIN: I believe so because I did not -- I was
23 not the person who administered that contract, but we did
24 not terminate that contract, and the work that I saw that
25 they performed under that contract I thought was successful.

1 THE COURT: Okay. Continue.

2 MS. MARTIN: Okay. The third point that I want to talk
3 a little bit about is the public meetings that Mr. Henifin
4 is entering into where he has asked that politicians do not
5 attend. He did have a conversation with the mayor about
6 those meetings. I do think the mayor is in agreement. I
7 have not been a part of any conversations with the city
8 council about those meetings. But the city really sees
9 those meetings as hitting two points, one of which I
10 strongly believe will probably take up much of the time in
11 those meetings, which is his concept of modifying the rate
12 structure.

13 Mr. Henifin talked a little bit about his plan, and
14 we've had a lot of meetings with him about -- from day one,
15 I think we started having conversation with Mr. Henifin
16 about revising our rate structure, what's been detrimental
17 about our current rate structure, and how in the future, if
18 we modify that rate structure, it might benefit the city and
19 also citizens. We really believe that having conversations
20 with the public about the proposed rate structure is
21 essential mainly because there has been a lot of confusion.
22 I think a lot of that confusion has been brought on from the
23 legislature. We've had a lot of legislation that's been
24 proposed in this session, and a lot of that legislation was
25 proposed prior to Mr. Henifin actually producing this plan.

1 So prior to him making the financial management plan
2 public, there was some legislation that was introduced, and
3 the public is incredibly confused about what has been
4 proposed in the financial management plan and how that will,
5 in the end, affect the City of Jackson. And so although
6 his, I think, reasoning for not involving politicians is to
7 try and keep politics out of it. I do a hundred percent
8 agree with Your Honor that this is a political -- it's going
9 to be a political issue, but I also think that on behalf of
10 the city, we think it's important that the public have the
11 opportunity to have these conversations with Mr. Henifin
12 prior to his recommendation to this city on how we modify
13 the rate.

14 And that's mainly because in the current stipulated
15 order, it requires him to make a recommendation to the city
16 and consultation with the city to make a recommendation to
17 the mayor of any modifications of the rate structure. The
18 mayor is then required to bring whatever the proposal is
19 from Mr. Henifin to the city council for the city council to
20 either approve or disapprove. And the way that the
21 stipulated order is written, regardless of whether the city
22 council approves or disapproves of that rate structure, if
23 we have not had a rate increase in the last 12 months, it is
24 automatically implemented by Mr. Henifin.

25 And so we do think that it is incredibly important that

1 the public is able to chime in but also that they are
2 informed on the rate structure, the options that are
3 available prior to Mr. Henifin moving forward.

4 THE COURT: Do you anticipate the rate structure
5 increasing the cost to the taxpayers or decreasing the cost?

6 MS. MARTIN: Based on my knowledge of the plan, I think
7 that some citizens will experience a decrease, and a smaller
8 percentage of citizens will experience an increase.

9 THE COURT: And what would be the metric to determine
10 whether one experiences one or the other, increase or
11 decrease?

12 MS. MARTIN: So based on my knowledge of Mr. Henifin's
13 plan, if he moves forward with the property attributes, it
14 will depend on the size of their house or the value of the
15 house.

16 So I think the current plan has some property
17 attributes. One of them is based on square footage of your
18 house, and one of them is based off of actual property
19 value. And I think that's what led to some of the confusion
20 with the public because the legislation that's been
21 introduced -- at least one of the bills specific -- is
22 specific to the rate being based off of consumption, and
23 although -- you asked a question earlier of Mr. Henifin of
24 whether or not there was a model in the United States for
25 this property attribute rate structure. There is not a

1 model for the property attribute rate structure. However,
2 even here in the state of Mississippi, there is a model for
3 fixed rates.

4 So there are some municipalities that do not charge
5 based on consumption. They charge a fixed rate. And that
6 rate is based off of, I think, their actual cost, but it's
7 not based on the individual household's consumption of
8 water.

9 THE COURT: Do you recall the identities of those
10 municipalities?

11 MS. MARTIN: Let me confer with my colleague.

12 THE COURT: Okay. Go right ahead.

13 MS. MARTIN: I apologize, Your Honor. Long Beach,
14 Mississippi, has a fixed rate, and we believe it's smaller
15 municipalities. But Long Beach, Mississippi, we're certain
16 has a fixed rate.

17 THE COURT: Okay.

18 MS. MARTIN: So that was my comment on the public
19 meetings, and I don't know that in those public meetings --
20 and we've been in a lot of town hall meetings with the
21 public. We believe that the time will probably be taken on
22 rate structure. We fully expect that the conversations
23 about a governance structure will probably be something that
24 will come along later, and we believe that there is time for
25 that discussion.

1 The last point I wanted to make is -- and Mr. Henifin
2 mentioned this on the end of his comments about the sewer
3 side. We are just as -- you know, we -- we talked briefly
4 about the confidentiality order at the beginning of this
5 hearing today. We are fully engaged with the Department of
6 Justice and the Environmental Protection Agency on the sewer
7 side on the Clean Water Act consent decree that we currently
8 have in place. We have read through Mr. Henifin's plan.

9 His plan includes some financial restructuring on the
10 sewer side as well. And it's like he said, the bills that
11 we send out -- when we send out a water bill, it actually
12 has three components. It has water, sewer, and sanitation
13 all included in that one bill. And so we do not -- we'd
14 have no opposition to making some changes on the sewer side;
15 however, we do -- we are currently engaged in conversations
16 with Mr. Henifin to make sure that he understands the sewer
17 projects that we believe need priority.

18 We don't know that we have much time on the sewer side
19 to wait for revenue to be generated. And so literally in
20 the last week, we've been having conversations with
21 Mr. Henifin about how to move forward in terms of our
22 financial situation on the sewer side now that we are
23 focusing more on the sewer side as part of this agreement.

24 THE COURT: Are you telling me that the sewer side is
25 more problematical than the water side?

1 MS. MARTIN: Your Honor, I would not say that it has
2 more problems; however, I would say that it is just as
3 urgent as the needs on our water side.

4 THE COURT: So tell me some of the dire consequences on
5 the sewer side.

6 MS. MARTIN: So we're already under a consent decree on
7 the sewer side, and I would say that we are partially in
8 compliance on that. But the areas where we are not in
9 compliance is -- we have many issues with what they call
10 SSOs, Sanitary Sewer Overflows, and we're experiencing those
11 throughout the city. They're leading to sewer backups. And
12 so just generally, that is kind of where we are on the sewer
13 side.

14 But we have, I think -- currently our list of SSOs is
15 like 256. And from the legal department's point of view,
16 we -- we believe that it is urgent, and it is something that
17 we need to focus on, and that there are some serious
18 priorities within the city when it comes to the sewer
19 department.

20 THE COURT: So these issues on the sanitation side and
21 the sewer, do they have consequences with regard to disease
22 possibilities?

23 MS. MARTIN: Yes, Your Honor. I would actually say
24 Mr. Henifin is qualified to -- to tell you kind of what
25 those issues could be. He is not as knowledgeable with the

1 projects and with the issues that we have. We just recently
2 started disclosing to him some of the problems that we have
3 and some of the projects that we have planned for the next
4 12 months, but Mr. Henifin's background is actually in
5 sewer. He has a lot of experience on the sewer side, on the
6 Clean Water Act side.

7 THE COURT: So then these problems that you just
8 mentioned on the unsanitations and the problems generated
9 through the bad sewage, is that a -- a germ matter, or is
10 that some kind of other problem there besides just germs?
11 What about parasites?

12 MS. MARTIN: I'm going to defer to Mr. Henifin, the
13 technical expert.

14 THE COURT: Okay.

15 MR. HENIFIN: All of the above. You know, raw sewage
16 is -- is the source of many intestinal and gastrointestinal
17 illnesses.

18 THE COURT: Right.

19 MR. HENIFIN: And being in contact with that threat
20 that -- look worldwide. About three and a half million
21 people die a year from waterborne illness. Most of those
22 are children. So yeah. There's a serious danger if you're
23 exposed to raw sewage of getting the gastrointestinal
24 disease. The United States and most developed countries
25 have medicine and doctors to take care of that, but left

1 untreated, they're definitely threats to the human life.

2 THE COURT: And again, will the illness stem from
3 germs, parasites?

4 MR. HENIFIN: It's the bacteria predominantly.

5 THE COURT: I was about to get to that one next,
6 bacteria. I mean, what is it?

7 MR. HENIFIN: It's E. coli bacteria.

8 THE COURT: E. coli. Okay. Well, this the first time
9 I've heard that term here during this session. And so
10 that's what it is, E. coli?

11 MR. HENIFIN: Predominantly. There's a number of other
12 potentials in the waste water that can also cause gas -- and
13 I don't know the biology of all of those but -- or the
14 whatever -- the virology of all of those. But there's
15 viruses; there's E. coli bacteria; there's other bacteria;
16 there could be Norovirus, which is, you know, the disease
17 that many cruise ships suffered over the years where it's an
18 intestinal disease; Legionnaires' disease.

19 You can get a variety of things in your waste water
20 that -- when it's raw and untreated pose a serious public
21 health risk, which is why it's highly regulated. It's very
22 serious when you have sanitary sewer overflows because you
23 expose the public to untreated waste water which is a
24 dangerous public health issue.

25 THE COURT: Do you have an estimate on how many Jackson

1 citizens have been exposed to this?

2 MR. HENIFIN: I do not as --

3 THE COURT: And have had to receive medical treatment,
4 for instance?

5 MR. HENIFIN: I have no idea. As Ms. Martin explained,
6 I've just, within the last week, started talking to them a
7 little bit about their sanitary sewer issues.

8 THE COURT: In order --

9 MR. HENIFIN: You wouldn't even -- I don't know that
10 doctors would even pick up on it. They might think it's
11 just a regular gastrointestinal virus or something going
12 around.

13 So typically, I refer -- I guess I defer to the public
14 health officials. But in the United States, I don't know
15 that we've seen large public health outbreaks as a result of
16 exposure to raw sewage. I think this potential's always
17 there, but it's probably less quantified because folks go to
18 their own doctor or they just think, oh, I've got food
19 poisoning or the stomach flu and it goes away in a week or
20 two in normal cases. And if you don't get dehydrated, you
21 don't get hospitalized.

22 But I think we even have more people on the call that
23 could probably explain it in greater depth if we needed to.
24 But I do know that it is a serious public health issue.
25 It's why it's highly regulated. EPA puts more work, in my

1 opinion, on enforcement on the waste water side than they do
2 on the drinking water side because it is such a challenging
3 issue.

4 THE COURT: Ms. Martin, do you have any idea of reports
5 of Jackson citizens who may be exposed to this?

6 MS. MARTIN: Your Honor, I can certainly say we do not
7 have any claims based on citizens being exposed to raw
8 sewage. What our fear is -- most of the claims that we have
9 with regard to waste water are individuals who have homes
10 that have been damaged based on the sewer backup. And so
11 the majority -- vast majority of our claims, that is what
12 our claims are is that it's some type of damage that's been
13 caused to a home based on the sewer backup from the issues
14 that are at the street.

15 However, what I will say is our greatest fear is that
16 because of the sanitary sewer overflows that the raw sewage
17 might be seeping into a lake or some other body of water
18 that has the potential for citizens to be exposed to it.

19 THE COURT: Do you have a raw sewage hotline?

20 MS. MARTIN: 3-1-1. Our 3-1-1 hotline is our hotline.
21 That's how we have identified the 256 sanitary sewer
22 overflows. It's been based on individuals calling them in
23 and us going out and checking and confirming that it's a
24 sewer overflow.

25 THE COURT: And that's a 3-1-1 number?

1 MS. MARTIN: Yes, Your Honor.

2 THE COURT: And that number goes to who?

3 MS. MARTIN: The department of public works.

4 THE COURT: And what's the response time?

5 MS. MARTIN: The response time to fixing the issue?

6 THE COURT: That's right.

7 MS. MARTIN: The response time to fixing the issue, it
8 depends on the issue that is presented. If it is an issue
9 that the city has the equipment and the resources to fix at
10 the time, I would say your response time is seven days or
11 less. If it is -- we kind of have a list where we've said,
12 you know, yes, this one we can respond to right away. We
13 can -- I don't know all of the terminology. I'm definitely
14 not a technical expert. But it's essentially a way that
15 they can blow the system. What is it?

16 They have a vacuum truck. And so they can sometimes
17 fix some of those issues by using that vacuum truck, but
18 there are some issues that require much more complicated
19 work. The best example I would give you is we've got a
20 project that's in The Queens that is estimated at
21 \$23,000,000. And so we've experienced many calls in that
22 vicinity based on those sanitary sewer overflows, but again,
23 it is individuals who are having issues in-home from the
24 backup based on the fact that we need to replace pipes.
25 Like, we need to do more serious work in that area.

1 THE COURT: Are most of the problems remedied by the
2 snake device?

3 MS. MARTIN: No. No, Your Honor.

4 THE COURT: You know what I mean by the snake device?

5 MS. MARTIN: Yes, Your Honor, I know exactly. I do
6 know what that is.

7 THE COURT: Okay.

8 MS. MARTIN: I know exactly that is, and I would say
9 no. They are -- the most of them are not remedied by that,
10 and I would say the majority of the calls that we get go on
11 a much larger list. That is, when we have the resources,
12 when we have the equipment, that's when we start working
13 down that list, and that's one of the reasons why we are
14 having this conversation with Mr. Henifin about his
15 financial management plan versus the projects that we
16 believe are urgent projects.

17 THE COURT: Okay. Thank you very much.

18 MS. MARTIN: Yep. And the last thing I had on my list
19 was this e-code, I think, that you were asking Mr. Henifin
20 about.

21 THE COURT: I did.

22 MS. MARTIN: The City of Jackson -- I -- to our
23 knowledge, the only e-codes are utilized for buildings and
24 institutions that have medical -- where it is medically
25 necessary that water continue to be provided to those

1 entities. And so it's our understanding that those e-codes
2 are put on those billings to make sure -- not that they
3 don't receive a bill, but that their water is not cut off.

4 The only other knowledge that we have of individuals
5 who might not be receiving a bill kind of goes back to the
6 Siemens debacle. And it goes back to where the city, you
7 know, experienced many issues with that metering contract,
8 and based on those issues with that metering contract had
9 what we call "lost bills." And I do think that's something
10 that we have communicated with Mr. Henifin about, and he has
11 a plan for how he wants to address that issue, and we're
12 working directly with him on that.

13 THE COURT: Ms. Martin, the e-code matter goes well
14 beyond that. And I don't need to get into this right now,
15 but this e-code debacle goes well beyond just making sure
16 that water wasn't cut off at these various places. This
17 e-code matter goes back through different administrations,
18 and I don't want to say anything else about that. But this
19 determination as to who is going to receive an e-code had
20 some other aspects to it. We can discuss all those some
21 time later, another occasion, but it has more aspects to it
22 than simply what you just said. That just merely means that
23 you're just not fully familiar with it. But unfortunately,
24 people were placed on the e-code for favors.

25 MS. MARTIN: Your Honor, we appreciate you bringing

1 that to our attention.

2 THE COURT: Okay. Thank you now.

3 MS. MARTIN: That's all I have. Thank you.

4 THE COURT: Oh, let me say something else, Ms. Martin.

5 MS. MARTIN: Yes, Your Honor?

6 THE COURT: I don't want anyone getting the impression
7 that I said that your boss is the one who did all this. So
8 let me just quickly add that this whole matter with the
9 e-code has a long history. And so it has gone through
10 different administrations who have taken their perspective
11 as to why they wanted to put certain people and businesses
12 on the e-code which did not have proper purposes. But I was
13 not saying that these e-codes are the result of this
14 administration. These e-codes preceded this administration
15 and -- and more than one administration. So at some point,
16 then we can talk at length about it, but right now, I
17 don't -- I don't see why I need to go ahead and -- and as
18 they say rustle in the feathers on this.

19 MS. MARTIN: We appreciate that as well, Your Honor.

20 THE COURT: All right. But I can tell you that I am
21 very familiar with this because when I found out about it, I
22 was incensed, and I tried my best to determine what could be
23 done on this matter. As I said, I was naive at first. I
24 thought that all I had to do was talk to various people who
25 would go to the specific computer and punch a button and all

1 of the e-codes would come out. And I would see the names
2 and addresses of businesses and residences and then send
3 somebody out there who would confirm that these e-codes were
4 not appropriate, that they were for another reason. And I
5 thought that that's all that had to be done, but every time
6 I made that inquiry, I was told that there was no computer
7 with the water company that could spit out e-codes.

8 So instead, I, on some circumstances, just gave all --
9 got -- accumulated my anecdotal explanations as to who's on
10 it and what they said about being on it. So... but we can
11 talk about all those matters later.

12 MS. MARTIN: Yeah. Thank you, Your Honor. We look
13 forward to addressing those issues with Mr. Henifin.

14 THE COURT: Okay. Thank you so much. All right. I
15 want to thank you again for giving me a great update on what
16 is transpiring over there. It seems to me that you've
17 managed to make some real headway here, and I recognize that
18 with the seriousness of the problem, that it's not a fix
19 that can be provided over night. It's going to take some
20 time. And so I know that from time to time there might be a
21 hiccup or two that takes you back to the starting block when
22 you find something that you did not know existed and then
23 you have to try and deal with it. But we will work along
24 those lines, and we'll see.

25 Now, finally, you talked about having to pay off some

1 contracts after you've gotten into them. Now, before you
2 actually submit the checks, could you submit a copy of what
3 you proposed and submit them to me? Because then I would
4 like to have the amount of money that's being submitted and
5 a short explanation of what is being submitted. That's for
6 your protection, the city's protection, and for my oversight
7 responsibilities.

8 MR. HENIFIN: I understand, Your Honor.

9 THE COURT: I won't hear later that some monies were
10 expended that shouldn't have been expended or some monies
11 were expended in a greater amount than should have been
12 expended. So in order to protect all the parties, we got to
13 provide a check and balance. And when you were here last
14 time, I asked you whether there was a check and balance, and
15 you said that you would be the one responsible for paying
16 the bills.

17 Well, you need some protection, and so I need then to
18 know what amounts of money you intend to expend before you
19 expend it so I can at least look it over. And as soon as I
20 get it, I will read it. And then, if I need -- if I have
21 some questions, I will call you up.

22 MR. HENIFIN: And for clarification, Your Honor, that's
23 for a reference to potential buyout of the metering
24 contract, which doesn't seem within reach. The rest of
25 expenditures are currently just paying folks for work

1 they're doing.

2 Do you want to see all of those before they --

3 THE COURT: I don't need --

4 MR. HENIFIN: Just the contract buyout, right?

5 THE COURT: The contract buyout is just what I want to
6 see.

7 MR. HENIFIN: And there may not be any of those because
8 it's out of reach at the moment, but we're still exploring
9 that opportunity. If we get there, I will bring that to
10 you, yes, sir.

11 THE COURT: Okay. Because see, that would be a major
12 cost.

13 MR. HENIFIN: Yes, sir.

14 THE COURT: But paying people for work performed on an
15 hourly rate and stuff like that, I don't need to really see.

16 MR. HENIFIN: Appreciate that. Yes, Your Honor.

17 THE COURT: Okay. Because that'd just be too onerous
18 of you to have to produce all these people.

19 All right. Is there anything else from anybody? Has
20 anybody been excited about this conversation that you wanted
21 to jump up and say something else?

22 All right. I don't see anybody else jumping up. So
23 all right. Thank you all so much then.

24 COUNSEL: Thank you, Your Honor.

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

(Court adjourned at 10:49 a.m.)

COURT REPORTER'S CERTIFICATE

I, Caroline Morgan, Official Court Reporter for the United States District Court for the Southern District of Mississippi, do hereby certify that the above and foregoing pages contain a full, true, and correct transcript of the proceedings had in the forenamed case at the time and place indicated, which proceedings were stenographically reported by me to the best of my skill and ability.

I further certify that the transcript fees and format comply with those prescribed by the Court and Judicial Conference of the United States.

THIS, the 23rd day of March, 2023.

/s/ Caroline Morgan, CCR

Caroline Morgan, CCR #1957
Official Court Reporter
United States District Court
Caroline_Morgan@mssd.uscourts.gov